



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Michael O. Leavitt  
Governor

David T. Terry  
Director

675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818  
801-538-5100  
801-355-0922 (Fax)  
<http://www.trustlands.com>

December 21, 1999

**CERTIFIED MAIL NO. P 959 217 997**  
**NOTICE OF BREACH OF LEASE AGREEMENT**

Steven Gale  
2335 N. Manderfield Rd.  
P.O. Box 855  
Beaver, UT 84713

RE: Mineral Lease ML 47289-Volcanic Materials Lease; T24S, R9W, S2, W2SE4, SLB&M,  
Millard County, Utah

Dear Mr. Gale,

It has come to my attention that mining operations are in progress upon the lands within your Volcanic Materials lease no. ML 47289. Article XII of the lease agreement requires that not less than 60 days before commencement of exploration, drilling or mining operations, Lessee shall give written notice to the Trust Lands Administration and the Division of Oil, Gas & Mining, together with a plan of operation and a topographic map showing every proposed shaft, tunnel, open pit, drill site, and access road to be used. No such written notice is received by the Trust Lands Administration or the Division of Oil, Gas & Mining.

Pursuant to Article XX of mineral lease ML 47206, Lessee is hereby notified that Lessee is in default of the terms and conditions of the lease. If such default shall continue for a period of thirty days from date of this letter the lease may be canceled, at the option of the Lessor.

Remedy of Lessee's breach of Article XII of the mineral lease shall require that within the next thirty (30) days Lessee shall:

1. Submit to the Trust Lands Administration a written plan of operations and a topographic map, showing every proposed pit, drill site and access road to be constructed or used by the Lessee or Lessee's agent in the exploration of the leased lands; and,
2. Perform a cultural resources survey of all lands within the lease which are proposed for surface disturbance by exploration or mining activity. The cultural resources survey



must be performed, on the ground, by a qualified archaeological consultant and a copy of the survey must be submitted to the Trust Lands Administration for review; and,

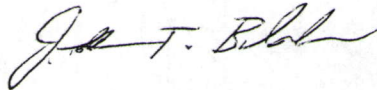
3. Submit to the Trust Lands Administration a performance and reclamation bond in the amount of not less than \$5,000. Such bond may be in the form of a cash deposit or a short term Certificate of Deposit with a Utah bank. The bank account must list the Trust Lands Administration as a joint owner, and the original Certificate or Passbook along with a withdrawal authorization signed by all other owners of the account must be submitted to the Trust Lands Administration for safekeeping; and,

4. Submit a Notice of Intent to conduct mineral exploration to the Division of Oil, Gas & Mining, and comply with all notification requirements of that agency. You may contact the Division of Oil, Gas & Mining at (801) 538 5340 to obtain information and the necessary forms to meet their requirements.

Unless you reply to this notice by return mail within the next ten (10) days the Trust Lands Administration may initiate further action to recover damages to the trust.

Please contact me if you have any questions or require any clarification of these requirements.

Sincerely,

A handwritten signature in cursive script, appearing to read "John T. Blake".

John T. Blake  
Mineral Resources Specialist

CC: Tom Munson  
Kenny Wintch